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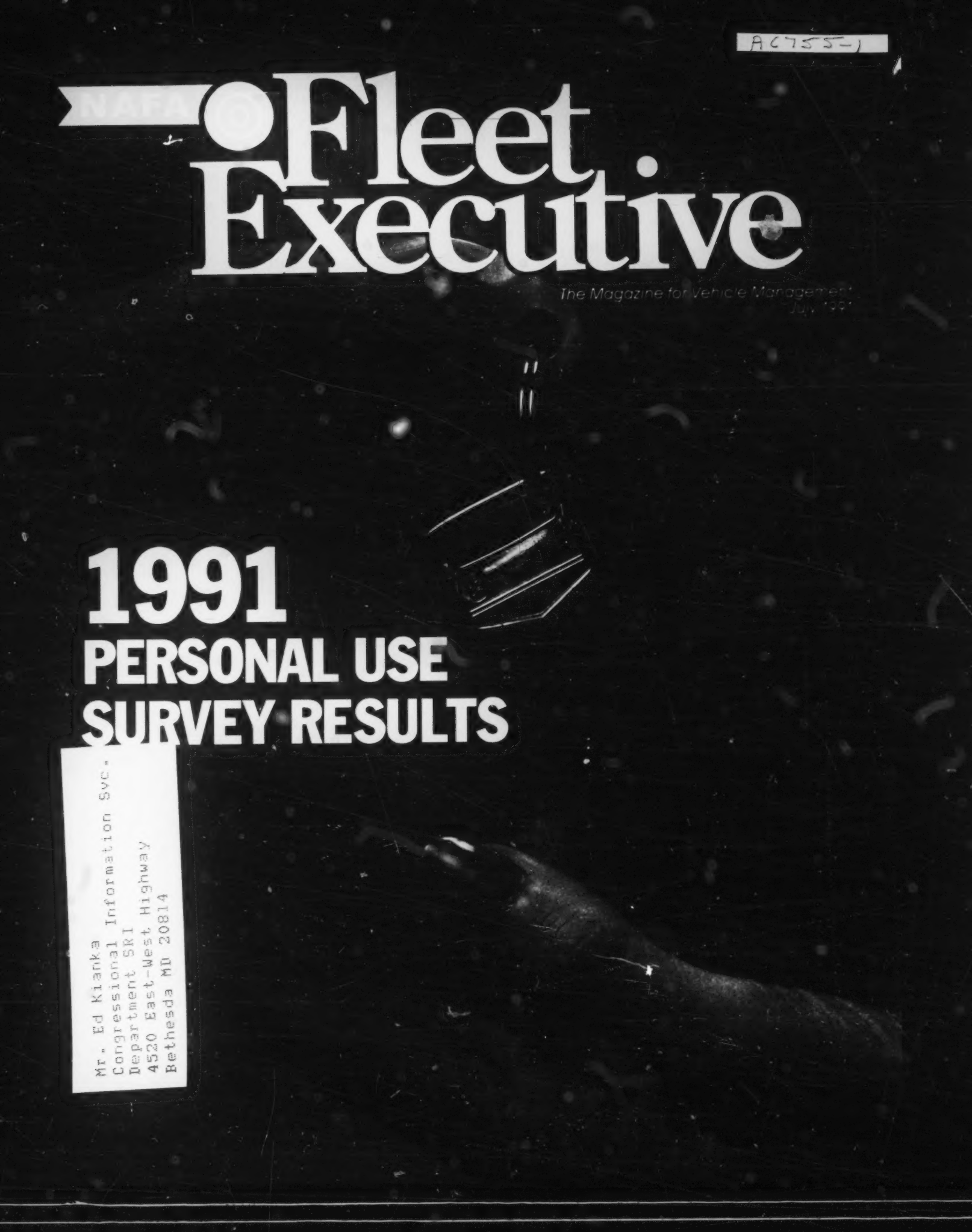
NAFA Fleet Executive

The Magazine for Vehicle Management
July '92



1991 PERSONAL USE SURVEY RESULTS

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For more than 30 years, the voice of fleet managers across the United States and Canada.

NAFA Fleet Executive

The Magazine for Vehicle Management

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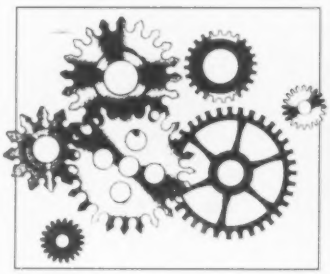

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NAFA's 1991

Personal Use SURVEY RESULTS

The Personal Use Survey, an annual NAFA study, explores NAFA Member fleets' policies and practices regarding the personal use of corporate, government and public utility fleet vehicles. The results of the survey are published to enable fleet managers to compare their own personal use policies and practices with those of other fleets.

Two questionnaires (one for U.S. fleets and the other for Canadian) were mailed to all NAFA Members. By March 23, 1991, a total of 490 responses were received—405 from the U.S. and 85 from Canada—representing 28% of the Membership.

The following report is presented differently than it has been in the past. He figures represent four categories—corporate, public utility, government and other. Corporate is made up of fleet managers in the following industries: drugs and cosmetics, chemicals and petroleum, communication, food and beverage, industrial manufacturing, service organization, insurance, consumer manufacturing, banking/finance and electronics.

During the data entry and tabulation process, the data were "cleaned" to assure reliability. For example, if a respondent indicated that his/her fleet did not permit personal use of fleet vehicles and then answered the questions relevant to personal usage (e.g., miles driven, charges for personal use, how charges are collected), it was assumed that the fleet does allow personal use. Also, for example, if a respondent indicated excessive mileage per month (12,000), it was assumed that this was per year and the response was adjusted accordingly.

NAFA extends its thanks to those who took the time to complete the questionnaire. Here's what your answers indicated.

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1991 Personal Use Survey-At-A-Glance

United States

- Average fleet vehicle driven 2,024 miles each month. Personal use accounts for 350 miles, or 18%.
- Personal use of a company-owned vehicle is allowed by 85% of survey respondents.
- Personal use of a company-owned vehicle is allowed at all times by 88% of respondents.
- Employee's spouse is permitted personal use of a company-owned vehicle by 78% of respondents.
- Employee's licensed children are permitted personal use of a company-owned vehicle by 27% of respondents.
- 74% of respondents do not charge employees any portion of repair costs resulting from accidents during personal use of a company-owned vehicle.

Canada

- Average fleet vehicle driven 2,821 kilometers each month. Personal use accounts for 532 kilometers, or 19%.
- Personal use of a company-owned vehicle is allowed by 89% of survey respondents.
- Personal use of a company-owned vehicle is allowed at all times by 96% of survey respondents.
- Employee's spouse is permitted personal use of a company-owned vehicle by 97% of respondents.
- Employee's licenced children are permitted personal use of a company-owned vehicle by 58% of respondents.

PERSONAL USE SURVEY RESULTS

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Number Of Owned And Leased Vehicles

	U.S.			Canada		
	Owned	Leased	Total	Owned	Leased	Total
All Fleets	259,813	265,520	525,333	21,239	20,034	41,273
Corporate	128,060	210,845	338,905	3,805	16,260	20,065
Public Utility	29,750	17,719	47,469	993	974	1,967
Government	69,183	1,686	70,869	15,701	1,182	16,883
Other	32,820	35,270	68,090	740	1,618	2,358

Does Your Company Allow Personal Use Of A Fleet Vehicle by Employees?

	U.S.		Canada	
	% Yes	% No	% Yes	% No
All Fleets	85	15	89	11
Corporate	95	5	97	3
Public Utility	54	46	100	0
Government	36	64	13	87
Other	80	20	100	0

Fleet managers who answered NAFA's 1991 Personal Use Survey represent 28% of the Membership and control 566,606 vehicles—281,052 of which are company-owned and 285,554 of which are leased.

Eighty-five percent of U.S. respondents indicated that personal use of a company vehicle is allowed by employees; in Canada, that figure is 89%.

In the U.S., the average fleet vehicle is driven 2,024 miles per month, out of which 350 miles, or 18%, are for personal use. The average fleet vehicle in Canada is driven 2,821 kilometers each month, of which 532, or 19%, are for personal use.

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How Many Miles/Kilometers Per Month Is Your Typical Fleet Vehicle Driven?

	U.S.	Canada
All Fleets	2,024	2,821
Corporate	2,087	2,841
Public Utility	1,478	1,900
Government	1,318	3,500
Other	2,022	2,818

PERSONAL USE SURVEY RESULTS

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How Many Miles/Kilometers Of This Is For Personal Use?

	U.S.	Canada
All Fleets	350	532
Corporate	352	525
Public Utility	568	0
Government	131	945
Other	346	524

How Do You Determine The Fair Market Value Of Your Vehicles That Employees Drive For Personal Use? *

1 = Cost of vehicle
2 = Cost of vehicle less sales tax
3 = Cost of vehicle less incentives
4 = Add 4% to cost (safe harbor)
5 = Other

	% 1	% 2	% 3	% 4	% 5
All Fleets	54	5	7	14	20
Corporate	55	5	8	15	17
Public Utility	59	8	8	0	25
Government	42	8	0	0	50
Other	43	3	5	19	30

* U.S. only

Personal Use Allowed

In the U.S., 85% of our respondents allow personal use of a company-owned or leased vehicle. In Canada, the figure is slightly higher at 89%. For the most part (an average of 94%), no maximum limits have been set for the amount of miles or kilometers an employee may put on a vehicle for personal use. For those indicating that they do impose a maximum, the average amount in the U.S. is 564 miles per month; in Canada it is 1,000 kilometers per month.

A large number of respondents (88%) said that personal use is allowed at all times, a figure which has not changed since 1990.

Fair Market Value

Only our U.S. Members were asked how they determine the fair market value of vehicles that employees drive for personal use. Cost of vehicle accounted for 54% of the responses (up last year from 46%), while 14% add 4% to cost (safe harbor)—down from last year's 18%.

Who Else Uses the Vehicle?

"No one," said 19% of U.S. respondents and 16% of Canadians. Employee spouses are permitted use of company vehicles (78% in U.S.; 97% in Canada). In the U.S., 27% of respondents indicated that their licensed children were permitted personal use of a company vehicle. Survey responses indicated that Canadian policies are more lenient (58% allow children).

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PERSONAL USE SURVEY RESULTS

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Under Which Conditions May A Fleet Vehicle Be Driven For Personal Use?

1 = At all times / whenever necessary
2 = Only to and from work
3 = Only while working
4 = Only on weekends and holidays
5 = Only on vacations
6 = Other

	% 1	% 2	% 3	% 4	% 5	% 6
			U.S.			
All Fleets	88	7	#	1	#	4
Corporate	93	3	#	#	#	3
Public Utility	69	23	0	0	0	8
Government	27	66	0	0	0	7
Other	82	5	0	3	0	10
# Less than 0.5% of respondents						
			Canada			
All Fleets	96	0	0	0	0	4
Corporate	98	0	0	0	0	2
Public Utility	50	0	0	0	0	50
Government	100	0	0	0	0	0
Other	91	0	0	0	0	9

Do companies have a policy stating a minimum age requirement for persons other than employees to drive a fleet vehicle for personal use? About half—55% in the U.S. and 51% in Canada—do not. Of those that do have such a policy, 24% of U.S. respondents said that the minimum age requirement is 21-24; in Canada, 16% said that the driver must be 18-20 years of age.

Charging for Personal Use

Because 86% of U.S. respondents and 75% of Canadian respondents indicated that employees are charged for personal use of a fleet vehicle, we asked them how they determine what to charge, how the employees are charged, how much they are charged and how those charges are collected.

Of our U.S. respondents, 38% indicated they use annual lease value to determine what to charge, while 20%

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PERSONAL USE SURVEY RESULTS

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use an average cents per mile expense. In Canada, the figures are about the same. Almost half (47%) of U.S. respondents charge employees an average of $.21 per mile. Canadian fleet managers who responded to this survey do things differently than their American counterparts. Almost half, or 46%, charge employees through a payroll deduction for taxable benefits, which averaged $129.00 per month.

No Assigned Vehicle

Do employees with no assigned fleet vehicles use personal vehicles for business? "Yes," say 87% of U.S. respondents and 95% of Canadians. About 83% of these employees in the U.S. and Canada are reimbursed with a per mile, or kilometer, rate.

When an assigned vehicle is inoperable, an employee's personally owned vehicle is authorized for use by 82% of our U.S. respondents. These employees are reimbursed with a per mile rate (96%). Canadian respondents (85%) prefer to issue a rented vehicle in such a case.

Are Employees Charged For Personal Use Of A Fleet Vehicle?

	U.S.	
	% Yes	% No
All Fleets	86	14
Corporate	89	11
Public Utility	92	8
Government	43	57
Other	81	19
	Canada	
All Fleets	75	25
Corporate	81	19
Public Utility	50	50
Government	0	100
Other	50	50

Note: Some fleets do not permit personal use.

Who, Besides the Employee, Is Allowed To Use A Company Vehicle For Personal Use? *

1 = No one
2 = Employee's spouse
3 = Employee's licensed children
4 = Other

	U.S.			
	% 1	% 2	% 3	% 4
All Fleets	19	78	27	6
Corporate	13	85	29	6
Public Utility	46	46	31	8
Government	100	0	0	0
Other	28	67	18	10
	Canada			
All Fleets	16	97	58	18
Corporate	16	100	63	21
Public Utility	50	50	50	50
Government	0	100	0	0
Other	9	91	36	0

* Respondents could choose more than one

How Do You Determine What To Charge Employees For Personal Use Of A Fleet Vehicle?

1 = Annual lease value
2 = Average cents per mile expense
3 = Total fleet average
4 = Other

	% 1	% 2	% 3	% 4
U.S.				
All Fleets	38	20	9	33
Corporate	39	21	10	30
Public Utility	33	25	0	42
Government	0	29	0	71
Other	42	9	6	43
Canada				
All Fleets	35	20	11	34
Corporate	33	20	10	37
Public Utility	0	50	0	50
Government	0	0	0	0
Other	75	0	25	0

How Are U.S. Employees Charged For Personal Use And How Much?

1 = Per mile charge
2 = Flat weekly charge
3 = Flat monthly
4 = Combination per mile/flat charge
5 = Graduated scale
6 = Other

	% 1	% 2	% 3	% 4	% 5	% 6
All Fleets	47	8	29	15	#	#
Corporate	46	7	32	14	#	#
Public Utility	58	17	0	25	#	#
Government	67	33	0	0	#	#
Other	46	4	21	29	#	#

Less than 0.5% of respondents

Average charges for all U.S. Fleets:
$.21 per mile
$16.00 per week
$73.00 per month
Combination per mile/flat charge:
$.12 per mile and $14.00 per week or $73.00 per month

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PERSONAL USE SURVEY RESULTS

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How Are These Charges Collected? *

1 = Expense report
2 = Salary deduction
3 = Other

	U.S.		
	% 1	% 2	% 3
All Fleets	44	46	19
Corporate	48	46	18
Public Utility	8	75	17
Government	0	71	29
Other	43	33	30
	Canada		
All Fleets	66	63	2
Corporate	62	70	2
Public Utility	9	0	0
Government	100	0	0
Other	50	75	0

* Respondents could choose more than one

Is Any Portion Of Repair Costs Resulting From Accidents During Personal Use Charged To Employees?

	U.S.		Canada	
	% Yes	% No	% Yes	% No
All Fleets	26	74	54	46
Corporate	28	72	55	45
Public Utility	0	100	0	100
Government	6	94	100	0
Other	29	71	43	57

How Are CanadianEmployees Charged For Personal Use And How Much? *

1 = Payroll deduction for taxable benefits
2 = Per kilometer charge
3 = Flat weekly charge
4 = Flat monthly charge
5 = Combination per kilometer/flat charge
6 = Graduated scale

	% 1	% 2	% 3	% 4	% 5	% 6
All Fleets	46	20	5	24	5	*
Corporate	44	18	6	26	6	*
Public Utility	0	100	0	0	0	*
Government	0	0	0	0	0	*
Other	75	25	0	0	0	*

* Zero respondents

Average charges for all Canadian Fleets:
Payroll deduction for taxable benefits: $129.00 per month
Per kilometer charge: $.09
Flat weekly charge: $21.00
Flat monthly charge: $55.00
Combination per kilometer/flat charge:
$.08 per kilometer and $63.00 per month.

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How Are Employees With No Assigned Fleet Vehicles Reimbursed For Business Use Of A Personally Owned Vehicle?

1 = Per mile rate
2 = Flat weekly rate
3 = Flat monthly rate
4 = Combination per mile/kilometer–flat rate
5 = Graduted scale
6 = Other

	% 1	% 2	% 3	% 4	% 5	% 6
All U.S. Fleets	85	1	4	8	2	0
Corporate	85	1	4	8	2	0
Public Utility	76	0	0	24	0	0
Government	88	3	3	3	3	0
Other	88	0	5	5	2	0
All Canadian Fleets	82	0	6	1	11	0
Corporate	83	0	7	2	8	0
Public Utility	0	0	0	0	100	0
Government	75	0	0	0	25	0
Other	91	0	9	0	0	0

Do Any Of Your Employees With No Assigned Fleet Vehicles Use Personally Owned Vehicles For Business?

	U.S.		Canada	
	% Yes	% No	% Yes	% No
All Fleets	87	13	95	5
Corporate	87	13	95	5
Public Utility	87	13	100	0
Government	83	17	100	0
Other	91	9	91	9

Who Gets a Vehicle?

Job function plays an important part in the decision to issue a company vehicle. Sixty-four percent of U.S. respondents and 82% of Canadians indicated job function as the most important factor. Job title was next (56% U.S., 70% Canadian), followed by annual business miles driven (39% U.S. respondents) and fringe benefit (38% Canadian Respondents).

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PERSONAL USE SURVEY RESULTS

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Within The Past Two Years, Has the Internal Revenue Service Conducted An Audit Of Your Company Or Organization Which Included Your Fleet's Personal Use Policies?

	% Yes	% No	% Don't Know
All U.S. Fleets	5	63	32
Corporate	7	62	31
Public Utility	0	48	52
Government	0	76	24
Other	2	65	33

How Are Employees Reimbursed For Business Use Of A Personally Owned Vehicle When An Assigned Fleet Vehicle Is Inoperable?

1 = Per mile/kilometer rate
2 = Flat weekly rate
3 = Flat monthly rate
4 = Combination per mile/kilometer – flat rate
5 = Graduated scale
6 = Other

	% 1	% 2	% 3	% 4	% 5	% 6
All U.S. Fleets	96	1	#	1	2	0
Corporate	96	1	#	1	2	0
Public Utility	95	0	0	5	0	0
Government	97	0	0	0	3	0
Other	98	0	0	2	0	0
# Less than 0.5% of respondents						
All Canadian Fleets	0	0	0	17	83	0
Corporate	0	0	0	25	75	0
Public Utility	0	0	0	0	0	0
Government	0	0	0	0	100	0
Other	0	0	0	0	100	0

Who Pays for Repairs?

For the most part, employees do not pay any portion of repair costs resulting from accidents during personal use (74% U.S., 46% Canada). In cases where employees are charged repair costs, 46% in the U.S. and 57% in Canada charge the insurance deductible.

Summary

The personal use data gathered by NAFA provides fleet managers with a detailed history surrounding the complex issue of personal use of company vehicles and business use of personal vehicles.

Figures for allowing personal use have remained at just under 90%. Charging for personal use has stayed about the same (84% in 1990, 86% 1991) in the U.S., but has increased in Canada (64% charged for personal use in 1990; 75% in 1991).

If An Assigned Vehicle is Inoperable, What Means Of Transportation Are Authorized? *

1 = Employee's personally owned vehicle
2 = Pool vehicle
3 = Rented vehicle
4 = District manager's vehicle
5 = Other

	U.S.				
	% 1	% 2	% 3	% 4	% 5
All Fleets	82	67	81	17	7
Corporate	84	60	92	18	7
Public Utility	78	91	52	13	9
Government	70	100	15	6	6
Other	84	65	79	19	7
	Canada				
All Fleets	27	48	85	11	6
Corporate	30	45	92	10	5
Public Utility	0	100	50	0	0
Government	25	75	75	38	13
Other	18	36	64	0	9

* Respondents could choose more than one

What Factors Govern Assignment Of Fleet-Provided Vehicles? *

1 = Annual business miles/kilometers driven
2 = Fringe benefit
3 = Job title
4 = Job function
5 = Other

	% 1	% 2	% 3	% 4	% 5
All U.S. Fleets	39	20	56	64	6
Corporate	41	19	58	60	5
Public Utility	42	17	42	71	4
Government	33	20	52	83	13
Other	30	28	55	68	6
All Canadian Fleets	0	38	70	82	5
Corporate	0	44	69	82	3
Public Utility	0	50	50	100	0
Government	0	14	57	71	14
Other	0	18	82	82	9

* Respondents could choose more than one

Within The Past Two Years, Has Revenue Canada Conducted An Audit Of Your Company Or Organization Which Included Your Fleet's Personal Use Policies?

	% Yes	% No	% Don't Know
All Can. Fleets	15	66	19
Corporate	17	69	14
Public Utility	50	50	0
Government	13	74	13
Other	0	45	55